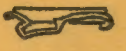
May, 1953

The Truth About Alberta Tar Sands

WHY WERE THEY KEPT OUT OF PRODUCTION?*

By R. C. FITZSIMMONS — Edmonton, Alberta



What Happened to International Bitumen Co. Ltd.
The Problem of Separation and Pioneered
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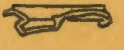

to Gain by Suppressing Their Developme:t?

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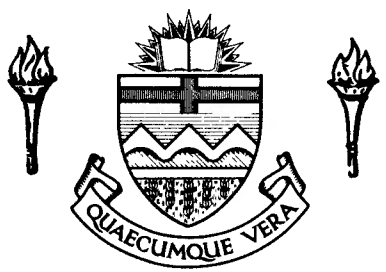

The Truth About Alberta Tar Sands

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FOREWORD

The purpose of this report is to give the original Shareholders of International Bitumen Company Limited, a true picture of developments carried on by their company over many years, and to tell them what happened to prevent its success after it had reached the stage of commercial production of oil from the Alberta Oil Sands, and also to inform them how its accomplishments were nullified by obstructive tactics in Government quarters (from which support should have been forthcoming), and to lay before them proof of the questionable methods used in finally forcing it out of business. All claims made to that effect are verified either by statements over the signatures of men in the Alberta Government, or printed in reports put out by the Government.

Respectfully submitted,

R. C. Fitzsimmons.

WHY TAR SANDS HAVE NOT BEEN DEVELOPED:

You may find it hard to believe that the tar sands were purposely kept out of production—as claimed in the following pages—unless you understand that the Major Oil Companies must have Oil reserves so that they know 30 to 50 years ahead where their next source of supply is coming from. Consequently they spend Millions of Dollars searching for new fields, but the tar sands was one source of supply that they did not have to search for and they were determined to have that held in reserve until all oil ields —recoverable from wells—ran low, when they would open up that area. Which, according to their plans, may be another 20 to 30 years.

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In the summer of 1922 I went to McMurray from Spokane, Washington, to investigate the possibilities of obtaining Oil from the Bituminous sand about which I had heard fabulous reports. While making a careful study of the deposits, I met a Mr. Kennedy, who was manager of the Alcan Oil Company, a New York concern, which was drilling wells 50 miles down river from Fort McMurray on a location three miles East of the Athabasca River, which later became part of the holdings of the International Bitumen Company Limited.

While visiting their works, I was struck with the richness of the deposit through which they were drilling, and decided to purchase the adjoining property which was the object of my visit to the district.

Upon further investigation, I was able to trace out the dip in the Devonian Lime Stone which formed a different Geological Structure from the rest of the Tar Sand Field. I had obtained considerable information about this structure, before leaving Edmonton, from Paul A. Van Aueberg, an Engineer who had done surveying work in the locality and who had a wide range of knowledge about the tar sand area. As a result of my findings, I purchased lease-hold acreage on that structure, from private parties, who held them under Petroleum and Natural Gas rights from the Dominion Government, which at that time controlled the Natural Resources of the Province of Alberta.

In the spring of 1925, with a small crew taken in there, I did some test drilling and exploration work on the deposit at the very point where Bitumount plant now stands. Also, while there that year, I personally made up a small model extraction plant with which we extracted a few barrels of pure bitumen (crude petroleum). Two barrels of this were taken to a chemist who had a paint factory in Calgary; from these many tests were run and a number of samples made up of the different products obtained in these tests. (See List attached.) Some of this oil was sent to the Universal Oil Products Co. of Chicago, where tests were made showing 50% high test gasoline from the cracking mehod. This may truthfully be said to be the starting point, which led to the solving of the problem of extracting petroleum and its by-products from the Fort McMurray bituminous sand deposits cammonly called "Tar Sands."

Experimental work was carried on through 1926, and in the spring of 1927 a bigger crew and better drilling equipmepn was taken to the property. From then until the spring of 1939, we drilled wells and test holes to ascertain the extent, depth, and richness of the deposit on that structure and the amount of over burden. Part of that tme we had two rigs operating. All this time we had been using Bitumen, taken from the drill stems, for roofing and experimental purposes. By now we had acquired the property formerly owned by the Alcan Oil Co. and hoped to be able to recover oil from the rich deposit by the application of steam, so as to render it fluid enough to pump.

International Bitumen Company Limited was formed in August 1927. A Dominion charter had been granted for that purpose on July 18th, 1927. Up to then operations had been carried on in my name.

In June of 1929, there was a devastating forest fire that nearly wiped us out. The whole crew fought day and night for five days, almost without rest, saving all the rigs and all the buildings but one. . Most of the corduroy road was burned out, some of which we had immediately to replace. However, we resumed drilling.

In the spring of 1930, after deciding we could not successfully pump bitumen from drilled wells, we turned our attention to the perfecting of an extraction process, and made up a small extraction plant on the same lines as the model I made in 1925, and separated some 340 barrels of pure bitumen (petroleum), cleaned and dehydrated. At this point, we discovered that it was far easier to separate the bitumen from the sands, than it was to clean it from clay and moisture. We succeeded in doing that, however, and the material had only a trace of dirt, and less than 1% moisture. It took several months of trial and error before this system was perfected. 207 barrels of the finished product were shipped to Edmonton in September of that year, followed by a smaller carload later that fall.

By this time our exploration work was proceeding in earnest. The Alcan Oil Co. did not tell anyone else in Canada what they had found. We worked secretly, insofar as to what we had, and what we were aiming to do. Our answer to enquiries was that we were prospecting, and did not know ourselves what we might do, all depending upon what we found.

No one knew any differently, until we were ready to ship the first carload of Bitumen in the fall of 1930. So quietly had we worked, the people of Fort McMuray and Waterways did not know that we were producing oil from the tar sands, until the captain of the river boat told them he had brought a barge load up river from our plant that day!

Proof of the efficiency of the process was found in the fact that the material had only a trace of dirt and less than one per cent moisture. So far this is the only process that has successfully extracted Oil from the tar sands.

At this point we discovered, that in spite of all the talk that had been going on for years in Government circles about the great market awaiting the production of Bitumen from the tar-sands, and the wonderful position in which it would place the parties who solved the problem, we could not sell a single barrel! We gave two carloads to the Commercial Cartage Co. for experimental work, to introduce it for uses in road paving, etc. (Later they purchased one carload from us.) They paved one mile of road in Banff Windermere highway in 1931, also some streets in Banff and Medicine Hat. (See notations about this work by the chief Engineer of National Parks.) As a result of this work, the Alberta Asphalt Gold Mines Limited placed an order with us for fifteen carloads for the summer of 1932, but before spring of that year they cancelled the order.

DEPARTMENT OF THE INTERIOR, National Parks of Canada Engineering Service, Banff, Alberta. July 20th, 1933. Dear Sir,— I understand you are interested in the experimental work we did with extracted bitumen from the McMurray tar sands in our National Parks. In the Fall of 1931 we laid some 200 feet of roadway on Cariboo Street in Banff with extracted bitumen and which is standing up astisfactorily. This paving was laid to a compacted depth of 2" and rolled with an 8 ton roller. In September and early October we laid approximately one mile of paving on the Banff-Windermere road in Kootenay Park at a point some sixty-six (66) miles west of Banff.

The main feature about this paving was that the aggregate and bitumen were mixed cold, hauled to the road in trucks and then laid in place, being graded by a power grader and then rolled. This paving is now in its third season and has passed through two severe winters, and shows no signs of depreciation. At one or two points there is a slight roll in the bitumen due to shifting of the gravel subgrade, but this is not noticeable unless the speed of cars exceeds 40 miles an hour. The composition of pavement shows no indication of aging or deterioration whatever.

Faithfully Yours, J. M. Wardle, Chief Engineer.

R. C. Ftzsimmons, Esq., International Bitumen Company, Edmonton, Alberta.

During the winter of 1930 and 1931 we made application for a patent, based on the process of extraction we had worked out, through practical application of doing the work on the ground. In the spring of 1931, a new power driven plant was installed, with a capacity of 200 barrels per day. About 2,000 barrels were produced, but as we still could not sell Bitumen, we were forced to shut down. Most of the above mentioned production was given away in order to acquaint the public with its superior qualities, and the many uses to which it could be applied.

The Bitumen—in that stage—was excellent for paving, laying Built-up roofs, processing into Roof Coatings, Plastic Gums, Lap Cement, Caulking Compounds, Waterproofing, Marine Gum, Fence Post Preserver, Boat Pitch, Belt Dressing, Mineral Rubber, and Skin Disease Medicine, but it required a slightly different handling in processing, and Contractors gave that as an excuse for not buying it, saying, "give us specification material, and we will purchase it"; this meant a refinery would have to be erected for that purpose.

In 1931 practically all the above mentioned roofing artcles were being marketed by the Deacon Company of Calgary, from Bitumen that we gave them free in order to get it introduced. In 1932 it became evident that we would have to erect a refinery to turn out standard specification products to meet their demands.

This is where we met our first major obstacle. Until we had solved the problem of recovering oil from the tar sands, everything ran smoothly, but as soon as the feasibility of production became established, we were obstructed in every move we made towards financing the intsallation of a refinery. The blocking tactics seemed

to follow a well defined pattern, on the part of both the Dominion and the Alberta Provincial Governments, regardless of which party was in power, which means that both were subject to the same pressure groups. One of their favorite methods, when issuing official reports on develpoment work of the tar sands, was completely to ignore us and what we had accomplished. For instance, in 1934 we had a share issue arranged in Montreal. When what was reported to be a complete detailed description of development in the tar-sand field was put out by the Publicity Department of the Alberta Government, our company (which was the only one that had reached production) was not even mentioned! This was an official report, issued to the press, and was published in every newspaper in Canada. The result was that all parties with whom we were dealing said "If the Alberta Government does not know you, we do not want to." This killed our financial arrangements as completely as if they had sent out a special warning against us. The fact that we had a moving picture of our production operations, and conclusive proof of having shipped a large quantity of the material to Edmonton and Calgary, where it was utilized, could not overcome the effect of the Government ignoring us in their official Reports.

The next move was to go to London, England, where we soon aroused much interest, and reached a tentative agreement with a large concern to advance $250,000.00, to erect a refinery. This deal was called off as soon as they had contacted Canada. Several other substantial deals were built up, but all were concelled after contacting the Alberta Government, and receiving adverse reports, evasive replies, or not receiving any replies to their enquiries. There was one reply to the effect that our company was not known in Alberta, also to a Chicago enquirer, one of the Deputy Ministers said "International Bitumen Company have nothing to raise finances on."

In spite of that, however, (late in 1936) we did get sufficient funds to undertake the installation of a refinery, at which time the extraction plant was enlarged to approximately 350 barrels per day.

By the fall of 1937, when the refinery was completed, we found it unsatisfactory, and we had reason to believe that the cause of the trouble was by design rather than error. We dismissed the party responsible, but it left us without the necessary capital to remedy the defect. In early November, 1937, I went to Chicago, and through friends there made connection with a financial group in Boston, Mass., who agreed to put up $300,000.00, subject to confirmation of the claims made, relative to conditions of our company. During several interviews, they went into every detail of the operation. Some days later, November 29, 1937, they informed me that after making a thorough check-up on all my representations, they were satisfied that the information given them was as claimed and all correct. But, that they were not going on with the deal, because the Alberta Government definitely was double-crossing our company. They explained that, in answer to enquiries, they received a statement from the, then Depubty Minister of Trade and Industry purporting to be a complete report on all developments ever undertaken in the tar-sand field, and International Bitumen Company was not even mentioned! This followed exactly the same pattern as in 1934, previously mentioned. Consequently, we could not raise any money.

In 1938 we went ahead without money. The defects of the Refinery were remedied and in a short run, put through some 4.500 drums of Specification Asphalt, and 2,000 barrels of Fuel Oil or Charging Stock. Again we ran into difficulties of marketing it. Prospective users informed us that they were told by the big interests, that if they bought any asphalt from us, they would be cut off from further supplies by them, and that it was doubtful if we could supply all their needs. Consequently no one would buy. The only way that kind of treacherous persecution could have been overcome, would have been to produce and store a large amount of material, so that prospective purchasers could be assured of a plentiul supply for all their needs. This required capital to operate, purchase of storage tanks, drums, etc. But we were unable to secure it. That was the fall of 1938. All finances exhausted. The company, in debt, could not realize any immediate cash for the material we had on hand, which brought us to a standstill. However, this operation proved beyond a shadow of doubt, that our system of extraction was correct. Some improvements were indicated, although it did good work as it was. We did sell some fuel oil to the Northern Mining Companies but the amount was not sufficient to pay the cost of labor and material for the year's expenses.

For the next four years we were obstructed in every way, from obtaining the necessary finances to carry on continuous production. This, despite the fact that Canada was importing 97% of its then, Petroleum Production Requirements.

Samples of Bitumen and Asphalt produced by us were sent to many parts of the world for testing. Several carloads were sent to the U.S.A. for roofing purposes, and its superior quality over other materials established. Asphalt (from Tar Sands) and its derivatives are the best in the world.

Had we been able to sell the asphalt we had on hand in the fall of 1938, we could have continued operations and expanded production enough to supply sufficient asphalt for all the needs of Western Canada, (having in mind high freight rates against shipping it East). That was food for thought, when it became known, that the use of asphalt was sharply curtailed during the war. It was all being imported into the country, and sold as high as $74.00 per ton. This was presumably why we were prevented from producing it here.

During each year of work referred to, improvements were being added continuously in way of living quarters, erecting of buildings, the installation of a water system suitable for winter conditions (this really was a difficult problem), building cellars to turn frost at 60 below and keep dry. An ice house for fresh meat in summer, clearing land for gardens, and growing feed for horses. The importance of the last two mentioned can scarcely be exaggerated. Owing to the location, they were of the utmost importance.

When we began, the whole area was covered with timber, through which we had virtually to dig our way. Coupled with that, part of the ground was muskeg, necessitating corduroy roads in order to be able to get anywhere. Then the requirement of suitable boats, boat buildings for winter storage, and much other preparatory work, that I cannot now remember, had to be dealt with. During this period, I was there the greater part of every year, working the same hours as the men.

Well reports and a complete record of everything done were forwarded to Ottawa at the end of each year. Leases cost us $1.00 per acre yearly rental, and in addition to getting credit for work done, we paid the Dominion Government some $22,000.00 in cash, between the years 1922 and 1930. when the Natural Resources were turned over to the Province of Alberta.

All this time, research was being done, and in 1930 we began on the Sulphonated Bitumen "ICHTULENE," which we perfected in the spring of 1931. Chemical Investigations cost money. We had four different refinery companies experimenting with it, in our endeavor to obtain the best advice as to what to install in our refinery. Among these were the Foster Wheeler, of New Jersey, Jenkins Petroleum Process Co. of Chicago, Universal Oil Products Co. of Chicago, (these are some of the the larger companies) and the Bell Refinery of Calgary. In addition, many chemists have worked on it from many angles — Paints, varnishes, roofing materials and medicines. In January 1931 the Chicago Laboratories made a **complete analysis, which—we think—is the most comprehensive that has ever been made. ICHTULENE** —a skin disease medicine which was perfected in 1931, was thoroughly tested by practical application, in the Billings Hospital of the University of Chicago, the Cook County Hospital in Chicago, and the Greeff Chemical Company in London, England. All these gave this medicine a high recommendation, and it was eligible for the British Pharmacopoeia. The Greeff Chemical Company placed an order with us for 10 tons at a price whch was ther own offer of $1,000.00 per ton. Their estimated usage per year was about a half a million dollars worth. In spite of all this, we still could not get funds to secure the equipment necessary to manufacture the medicine. What we had was made up in a laboratory, which could not supply enough for commercial production.

In 1942 we tried to interest the Alberta Government in advancing us $50,000.00, either by way of a straight loan, or as payment against delivery of asphalt. Part of it was to be used for certain improvements necessary to step up production to 500 barrels per day (one shift), and the balance for working capital, wages, provisions, etc. At that rate of production, it would not have taken many days to repay it. Had they advanced that sum then, there would not have been any excuse for their spending over Two million dollars ($2,000,000.00) on a test plant as they have done since. "THE PLANT WAS ALREADY THERE AND THE TESTS MADE." Considerable discussion on this subject took place at the time, proof of which is contained in correspondence still in our possession. The Hon. W. A. Fallow, then

Minister of Public Works, in a statement to the press said that, "He had been negotiating with the International Bitumen Co. Limited, which had a plant at the Tar-sands site, and that the Company was prepared to deliver the goods." There was a large amount of material under consideration, but nothing came of it, which was hard to understand when taking into consideration that the Dominion Government had restricted the uses of fuel oil and asphalt, so that the demand was much greater than the supply, thus removing obstacles we had encountered in trying to market it in 1938. It was pointed out to them that, with the aforementioned sum of money, our plant could immediately be started up, and by adding improvements and new units, could soon reach the stage of production whereby we could supply all their needs in both these connections.

Our creditors all agreed to waive payment of their claims, until we had earned it out of production, if we could secure the necessary capital to operate. The Government not only turned us down, but continued to obstruct our obtaining aid in other places, either by disparaging our Company to enquirers, or by ignoring enquiries altogether. Claiming, in subtsance, that we did not do what the facts proved we did, and what they actually saw being done. Why was our Company singled out for persecution, when it was the policy of the Government to assist other companies under similar conditions? Did they have ulterior motives? Was pressure or influence brought to bear that would cause them to go against what they saw?

Once when we had paid the trip—expenses— of two men from Chicago with the view of their financing the Company, an official of the Government told them we had nothing to offer. This was said despite the fact that several men from the Government had visited our plant, watching it producing, knew the amount of material shipped out, and what it was being processed into. Besides, we paid the Government Royalty on production. We also displayed a large number of processed articles at the Social Credit exhibition. That was when they were featuring the slogan **"What Alberta Makes, Makes Alberta."** We went one better, and added **"This is not only made in Alberta, it is produced from the Alberta ground."** There is a record of all this. One of their men spent a week at our plant several different summers, watching it function in good order. Obviously their intention must have been purposely to prevent production of oil from tar sands, otherwise their obstruction would not have been so consistent, and could not have followed such an even pattern. Had they told the truth about our Company's part in the development of that field to all enquirers, we would not have had to ask for assistance, and would have been producing commercially from 1936 on, and could easily have expanded to supply all of Western Canada's needs for asphalt since 1937, as well as producing many other useful articles, such as Mineral Rubber, medicine, gasoline, lubricating oils, etc. We repeat that Canada was importing most of the petroleum products up until about 1949.

Our operations in 1938 had proved that the total cost of taking the sand from the ground, separating the oil from it, cleaning and refining same was 63c per barrel. 18c for mining, separating and cleaning, and 45c for refining and filling barrels for shipment, including allowance for depreciation. That is, at the then pevailing prices for labor and other costs, which of course would be higher now. (See table of costs flow sheet.)

In the fall of 1942, Mr. L. R. Champion came into our Edmonton Office, with an offer to finance the Company. By this time we were thoroughly convinced that we could not hope for any help from the Government, so we listened to what he had to say, which led up to an agreement being reached sometime later. Before entering into that agreement, however, it was pointed out that certain improvements were essential to successful continuous operation of the plant then in existence, and that the Company's indebtedness would all have to be paid and sufficient capital made available for immediate operations and future expansion. Champion assured us that, immediately upon signing the contract, money to cover the purposes indicated would be put up so that we could get the plant into operation in the early spring of 1943. He further assured us (at the time of signing the agreement) that all necessary finances were arranged for, and that there need be no delay for lack of money. With this understanding we entered into an agreement whereby he would form a new company, take over the assets and all liabilities of International Bitumen Company Limited, and give its shareholders One share in the new company for every Five shares they held in I. B. Company.

By this transaction, Champion got controlling interest in the new company, which was named "OIL SANDS LIMITED." After agreements were signed, however, it became a different story, and, while he did go through with the reorganization and exchange of shares, he stalled on every other promise, nor did he pay the creditors. Provisions were not made for plant improvements. No money was available for any purpose, until July. Later he insisted, in spite of advice to the contrary, upon the old plant being started up without the improvements, to get some bitumen in the tanks to make a showing with the Government and other parties he was dealing with. He said it did not matter if it was a practical operation or not, as the benefits he would accrue would more than offset any loss. So, in September 1943, a small crew was taken to the plant and a few hundred barrels of Bitumen were run through and put in storage tanks.

It was the spring of 1944 before orders were placed for the plant improvements above mentioned, and even then, he seemed more interested in some scheme with men in the Government to build a new plant instead of operating the one we had. Very little money was made available, with the result that it was September 1944 before the plant was ready to operate.

I had to use my own money to pay freight, running expenses and other things. Champion was in Montreal most of the time, and as I could not get any satisfactory co-operation. I tendered my resignation in March 1944, but, as no one was sent to take my place, I remained on for a time. In June he placed another man in full charge of operations on the ground which, I later learned, was more for the purpose of designing a new plant than to operate the one that was there. Oh yes! It was to be started up just to show that Bitumen could be produced but not to commercialize it while preparing for erection of the new one. The writer took sharp issue with Mr. Champion for not getting the plant into commercial production before doing anything towards a new one, and on June 30th, sent him the following telegram: "L. R. Champion, 455 St. John Street, Montreal, Quebec. With company expenses well over a hundred dollars day working on second plant while not giving proper direction to starting first one seems acme of inconsistency that might well prove fatal to both stop worried R. C. Fitzsimmons." **It did prove fatal to both.** See other telegrams and letters on this subject.

The new equipment finally reached the plant in July 1944, and when installed the men in charge could not make it work. On August 21st Champion, who was then on the ground, wired me to return immediately, which I did and by September 4th had it operating successfully. When the new equipment was properly installed in the plant it had the desired effect of smooth operation, and overcoming the defects as worked out in 1938. It came up to the inventor's fondest hopes, and would easily separate 500 barrels of oil per day.

While making the adjustments necessary to overcome the difficulties encountered, I was continually hampered by the lack of co-operation of men in key positions. This became so evident and annoying that I took it up with Mr. Champion, pointing out the inefficiency of the way they were doing things, and unless a change was made there could not be any worth-while production. He freely admittted that he knew what they were doing, and that he approved of their actions, as that was the only way he could carry his plan through the Government and he was determined to have them build a new plant on that property regardless of the cost. I tried to point out the folly of such a move, and what the company had to gain by commercially operating the plant it had until such time as it could build a larger one for mass production leave the Government out of it, for the one they would build would not work successfully in any event; subsequent developments proved that prediction to be 100% correct. It was based on the premise that any tar sand process that some of these designers were connected with could not possibly work. Their past failures and immediate ideas were sufficient grounds for forming that opinion. It was then that Mr. Champion indignantly informed me that it was worth $20,000.00 to him to have the Government build a plant on that property, and that was the way he was going to handle it. That was the 4th day of September, 1944. And as Mr. Champion curtly informed me that my usefulness was ended and my presence there no longer desirable, I left for Edmonton the following day. Champion's attitude as well as the actions of the crew towards me, (who since then have told me they were acting under orders) during the whole time I was there, would indicate that he was disappointed because I succeeded in making the plant work, and that it would have suited his purpose better had I failed, and he never would have sent

for me had he known that I could succeed, as sustained production might upset their palns. Most certainly, the obstacles thrown in my way while making the adjustments were such as to support that belief.

While the separation plant was then working perfectly satisfactorily it was not allowed to run more than ten days during the whole season! Which is further indication that it was not intended to produce. Then it was set aside and a new one built by the Alberta Government. Why? What was the answer? Were they catering to pressure groups? Would consistent production have upset their plans by betarying understandings they had with big interests? Was it a deliberate plot to prevent production, while under the pretense of trying to produce, spending vast sums of taxpayers' money to mislead the public (who were clamoring for action) into believing that, at last, they were going to get results? This goes deeper than just being misled by wrong advice from men who wanted to get their names in the forefront of the Tar Sand Development. Be that as it may there can be no question as to the uselessness of the scheme.

Upon my return to Edmonton, September, 1944, I took the matter up with Hon. N. E. Tanner, the Minister of Lands and Mines, pointing out to him how impractical and what a waste of funds it would be to build a new pilot or test plant. That there was a good one already there that had been into commercial production; that, in my opinion the proper procedure would be to run it for one season to give their Engineers a chance to study the operation to gain knowledge of comparative proportions, in size, for increasing capacity in building a large one for mass production. (I still think that this was essential.) That if the latter was contemplated we would be all for it, but to build a new test plant would be unsound and a waste of money, it could serve no constructive purpose. The latter suggestion would still have been correct even if the test plant they built had functioned as efficienly as the old one, **WHICH IT DID NOT.**

Up to now I did not associate their actions with anything other than stubborness on the part of L. R. Champion. I did not think for a moment that any one of the Government would lend weight to anything that was not in the Public Interest, and I had no way of knowing then that the Refinery was going to be put out of working order so that no finished products could reach the market. In other words, part of the plan to have no successful through-put of the then existing plant although it was perfectly capable of doing so. My object was, to apprise Mr. Tanner of the true situation and the way Champion was stalling production with the existing plant, and that those pressing for a new one might be trying to sell the Government a bill of goods.

At another meeting a few days later Mr. Tanner showed displeasure. While not being hostile (he is too much of a gentleman for that) he made it clear to me that the Government could do nicely without me or my advice. In other words Mr. Champion was in the saddle, and that was that. From then on I became very much in disfavor with all parties concerned, and on December 4th, 1944, they signed the agreement committing the Government to build a new test plant.

On November 28th, 1944, a new Company known as "Bitumount Holding Company" was incorporated with Lloyd Roger Champion and his wife, Ruby Champion, as the sole members! Here is where the manipulation started: He (Champion) traded Bitumount, the property owned by Oil Sands Limited, which contained the rich surface deposit and all the improvements of every kind and description that the company owned, to Bitumount Holding Company, for other acreage that he personally held in that district, which contained 200 feet of overburden before reaching the saturated Sands — without going through the legal formality of consulting the shareholders, which is required by Law, and in turn had Bitumen Holding Company pledge that property to the Alberta Government in the agreement signed between them on the aforesaid date of December 4th, 1944. Then defaulted on the payments and the Government foreclosed and took the whole thing over. Just that simple on the face of it, but intrigue is indicated beneath the surface. This, we claim, was fraudulent manipulation.

It is our contention that Champion made flagrant violations of existing contracts, when he dealt with the Government. And also that the Government money was not wisely expended by those in charge, after it was put up. (More about this in supporting testimony.) We mean this waste, in addition to the fact that even if the money had been efficiently handled, by careful management, it would still

have been wasted, as the whole undertaking to build a test plant was uncalled for. It served no purpose, except to prevent production. Even if it had functioned as well as the plant it replaced—which it most certainly did not—it could have accomplished nothing that could not have been accomplished on a better scale by the original plant, had that plant been allowed to produce as it was capable of doing.

Had the agreement between Champion and International Bitumen Company been lived up to (and if the Government had remained out of the picture it might have been lived up to), production could have been consistent from the spring of 1943. This would have militated against any idea they could have had of building a new test plant, thus saving the taxpayers the vast sum of money that was wasted in their stupid noble experiment, as well as providing Canadian consumers with home production. Which brings us back to their slogan, "WHAT ALBERTA MAKES — MAKES ALBERTA."

It was just fifteen years after the problem of extracting Oil from the tar-sands had been solved, and the first two carloads of Bitumen shipped to Edmonton, that the Alberta Government undertook the erection of a pilot plant, to see if they could repeat what had already been done. The only excuse they can offer for that travesty on the peoples intelligence respecting the necessity of the plant is, that they wanted to make tests. Then why in the name of common sense did they not use some of the 3,500 barrels of Bitumen that were already stored in the tanks **there**, and which they have admitted in public statements were there? Or, why did they not avail themselves of the information obtained from the many tests that had been made. List of tests follows, and names of institutions that made them the number of different articles isolated or made up, the number of new roofs put on buildings, and the many roofing materials processed as far back as 1931, and every year thereafter until Champion and the Alberta Government got control, and cut off any chance of our obtaining a further supply.

Following is list referred to.—

Gasoline, Kerosene, Benzine, Lubricating Oils, Diesel Oil, Fuel Oil, Cup Grease, Axle Grease, Gilsonite, Rust Proof Paint, Acid Proof Paint, Non-Corrosive Paint, Shingle Stain and Paints, Barn, Bridge and Elevator Paint, Wagon and Implement Paints, Black Enamel, Black Varnish, Black Baking Japan, Coach Painters Japan, Printers Ink, Analine Dyes, Explosives, Mineral Rubber, Medicine, Roof Coatings (complete range)—20, Plastic Cement, Caulking Compound, Lap Cement, Felt Paper Saturant, Marine Gum, Boat Pitch, Belt Dressing, Base for creosote and felt paper, Sound Deadener in walls, Fire Proof Roofing, Water-Proofing, Insulating Electrical Work, Battery Sealing Compound, Manufacturing Patent Leather, Lining Walls of Refrigeration Plants, Lining for Acid Proof Tanks, Binding for Briquetting Fuels, Asphalt for all specifications. MASTIC,—which in turn has a wide application of uses, such as, various types of flooring, as in BREWERIES, LAUNDRIES, LABORATORIES, ARMORIES, POWER MAGAZINES, EXPLOSIVE FACTORIES, RAILWAYS AND FREIGHT SHEDS, DAMP COURSES, COURSES FOR ARCHES OF BRIDGES AND VIADUCTS, FOUNDATIONS FOR HIGH SPEED MACHINERY, ENGINE BEDS AND HEAVY HAMMERS.

INSTITUTIONS THAT MADE THE TESTS.—

Universal Oil Products Co. ..... Chicago, Illinois
Carbon Products Corporation ..... " "
Jenkins Petroleum Process Co. ..... " "
Dept. of Deramtology, University of Chicago ..... " "
Foster Wheller Corporation ..... New Jersey and Chicago
Bureau of Standards, U S. A.
Chicago Laboartories ..... Chicago, Illinois
General Chemical & Mines Research.
Western Research Corporation ..... Denver, Colorado
Coroners Chemistry Dept. of Cook County Morgue ..... Chicago, Illinois
National Research Council, Division of Chemistry ..... Ottawa, Canada
Fuel Research Laboratory ..... " "
Freeman Laboratories ..... London, England
Thomas Anderson, Chemist ..... Sheffield, England
R. W. Greeff Chemical Co. ..... London England
Tested in an English Laboratory in England in 1919.
Charles Knight (Chemist and Expert on Paints) ..... Calgary, Alberta
Calgary Municipal Testing Laboratory ..... " "
Bell Refinery Co. ..... " "
Steevens & Taylor, Designers and Operators of Refineries ..... " "
Deegan Roofing Co. ..... " "
Research Department of the University of Alberta ..... Edmonton, Alberta
City Engineer's Department ..... " "
Kansas City Testing Laboratories of the Cross Co. Kansas City, U.S.A.
Norman L. Armstrong & Co., Analytical & Consulting Chemists Vancouver, B.C.
Alberta Asphalt Cold Mixes Ltd. Calgary, Alberta
San Francisco & McMurray Oil Refinery Co. Analysis in 1920.
Rochester Engineering & Centrifugal Corporation Rochester, N.Y.
In addition to the above, there were our own experiments and practical application.

ROOFING REFERRED TO.—

Approximately three hundred new (built-up) roofs were applied to Buildings in Edmonton and Calgary and other points in Alberta, with Bitumen and Asphalt produced from the Tar Sands, between the time of our first production and the Fall of 1943.

COST SHEET REFERRED TO.—

COST OF PRODUCING SOLID AND LIQUID HYDROCARBONS FROM BITUMINOUS SANDS AT BITUMOUNT (IN 1938)

Detialed operating costs of mining and separation with Plant of 350 barrels per day capacity.—

While we are not listing each one separately we could, if necessary, supply names, addresses and dates of application.

COST PER BARREL OF BITUMEN SEPARATED

Labor and Overhead	10 cents
Repairs and Replacements	2 "
Fuel	1 "
Depreciation on Plant equipment	5 "
	18 cents

Detailed costs after distillation into various products.—

COST PER BARREL THROUGHPUT

Labor and Overhead	30 cents
Repairs and Replacements	3 "
Fuel	2 "
Depreciation on Plant equipment and Interest	10 "
	45 cents

Making a total cost of only sixty-three (63c) cents per barrel for mining and recovering the oil from the sands, clearing and refining it into standardized materials, and loading it on barges for shipping (not counting cost of container).

In the December 8th, 1944, issue of the Edmonton Journal, the following statement is credited to the Hon. Premier Manning.— 'It has been established beyond question that successful and efficient simple process exists for the separation of the oil from the sands and for its refinement into commercial products. Members of the Government have inspected this plant while in actual operation and producing a sufficient volume of clear sand free oil to prove the practicability of the process. The Government had come to this conclusion after careful investigation of all known factors and of scientific analysis at the University of Alberta, which prove that the process completely removes the sand."

Just four days before making that statement, the Alberta Government had completed arrangements to set that proven plant aside and erect a new one which, according to their own statements, was not intended to produce.

On December 9th, 1944, it was announced that a Board had been formed to supervise the construction and operation of the proposed plant, consisting of the Hon. W. A. Fallow, Minister of Public Works, and Hon. N. E. Tanner, Minister of Lands and Mines, the two cabinet ministers of the three man board, and L. R. Champion, president of Oil Sands Ltd.

On December 31st, 1948, Mr. W. E. Adkins, B.Sc., C.E., Superintendent of the Alberta Government Oil Sands project at Bitumount, in making his report to the Board of Trustees, concerning the Bituminous Sand Extraction plant, wrote, "IT WAS NEVER PLANNED THAT THE PLANT WOULD PRODUCE COMMERCIAL PRODUCTS, OR BE SELF SUPPORTING."

The only defence offered by the Government for such an atrocity was that they wanted to collect experimental data and ascetrain the economic feasibility of separating Oil Products from the sands, and to determine the factors involved in cost accounting, etc. But, how could they possibly expect to acquire such information with any degree of accuracy, by operating a plant that was not designed to work properly in the first place?

The name "BITUMOUNT" was coined and applied to that locality by the writer in 1933. Prior to that time it had always been referred to as "FITZSIMMONS." Following is a statement by the District Post Office Inspector, dated October 20th, 1952: "The Bitumount Post Office was originally opened on December 9th, 1937, with Mr. Robert C. Fitzsimmons as Postmaster, who continued the operation of the office until it was closed on February 20th, 1940."

The significance attached to this is that, in view of the fact that in all the publicity given out by the Alberta Government about Bitumount and the developments that had taken place there, we were never once mentioned. This is further proof of their insincerity and determination to hide the facts.

As further evidence of our company being singled out for persecution, the Alberta Government made three different seizures against its holdings. Once for personal property tax, once for Lease rental arrears, and in June 1945 seized all the company records of every description and did not return them till December 1948, three years and six months later! They also took at the same time all the files and records of Tar Sands Products Limited, a roofing company that had nothing whatsoever to do with Bitmount Developments. They did return some files of the latter, however, when it was pointed out that it was our only livelihood and that it could not be operated without its books. Why this latter seizure was made will ever remain a mystery, unless their motive was to handicap us in Court action, which we were starting against Champion and Oil Sands Limited, by holding the records out of our reach.

The first two seizures we took in our stride as we were behind with payments, and did not attach any other reason than hard business tactics to it. But since, it became so evident as to how they favored L. R. Champion after he got control of our property, and became part of their plan, and how so much money was wasted by incompetent management, and how they are still pouring money into it to keep it alive, it took on an entirely different meaning.

In order to get a more comprehensive picture, see letters and statements in support of what we claim. Some of them go even further in their condemnation of the Government actions and explained the needless waste of money that was appropriated for that project. For instance,— One of them claims that it cost $12.00 per log to get timber out of the bush, and by the time it was milled it totaled $1.00 per foot,—or, $1,000.00 per Thousand feet for rough lumber! Reports further indicate that the whole project was carried through in a similar manner, which, if true, would account for the fact that they started out to spend $250,000.00 and ended up by spending approximately $2,000,000.00.

SUPPORTING TESTIMONY.

RE STATEMENT OF GUY E. HAYMOND

In regard to statement dated May 20th, 1953, made by me on the Fitzsimmons-Champion Oil Sands controversy over the tar sand separating process then operating at Bitumount, I am adding this rider to boil it down to the more essential points.—

In September 1943, I spent two weeks at Bitumount when the Tar Sand Extraction plant was in operation, and it was really doing an excellent job. The sand was coming out clean and a thick stream of black crude oil pouring off the separation tank, at the rate of about 350 barrels per day. However, it was pointed out to me that certain improvements should be added to make it more efficient.

In February 1944, I was employed to represent the Oil Sands Company in the north, keeping the camp in supplies, men and material, Timekeeper and pay off man. And, with the exception of necessary trips to Waterways and McMurray, spent the whole season at the plant and knew first hand what was going on. And, after a careful check-back of the records, here is my summary.—

(1). Martin Neilson, the Engineer who Champion placed in charge of preparing the plant for operation, spent more time in drawing plans, and preparing for the erection of a new plant, than he did in getting the existing one into production, with the result that it was late August before it was started up. Mr. K. A. Clark made several visits there during that time, in the interest of the erection of a new plant under some scheme that he, Champion, Neilson and members of the Alberta Government had hatched up.

(2). Finally, when the new improvements were installed, and the plant supposed to be ready for production, the man in charge could not make it work. Fitzsimmons was called in from Edmonton, and, after making adjustments and certain changes in the set-up, it was put into operation, and began making a perfect separation. While the oil recovered was no different from that of the previous year, the plant—mechanically—was more dependable, required fewer men to operate, and produced on a much larger scale. In fact, greater than had been anticipated.

(3). And now all was in readiness for the commercial production of oil, insofar as the plant was concerned, but everything else was out of balance. Fitzsimmons was determined to have that plant produce on a commercial basis — as it was capable of doing—, while Champion seemed equally determined to keep it from producing, and go on with the erection of a new one, at the expense of the Alberta Government. This caused friction between them, which led up to the final breaking. And as Champion was in control, his ideas prevailed.

(4). I know for a fact that Fitzsimmons was hindered in his efforts to get the plant into working condition, by key men in the organization that were supposed to help him, and that Champion approved of their actions. In fact, they told me—later—they were acting under his instructions. This, and Champion's attitude during that whole period, convinced me that he did not want production, and was disappointed when Fitzsimmons made the plant work. I heard them in a violent quarrel over this before Fitzsimmons left for Edmonton. That's when Champion blew up, and bragged about his having agreed to pay 20 Grand to one of the Government Ministers to have the new plant built there. As further proof of their not wanting production, the Refinery was put out of working order, bef,ore any finished materials were put through, and no attempt was ever made to rectify it.

(5). After Fitzsimmons left camp, the plant was allowed to run for only a few days. While watching it on one of these occasions, I was so impressed by the amount of oil flowing off, that I timed the filling of one tank, and found it was actually producing 70 barrels per hour, 20 more than Fitzsimmons had claimed for it. And all this without the use of any chemicals or diluents. The only process in the world that has ever separated oil from the tar sands without using reagents.

(6). The Government of Alberta was well aware of what was going on, as a number of their members visited the plant, and saw it working at its best. The sand coming out clean, and—a thick stream of pure sand—free from oil, pouring from the spout at the rate of over 500 barrels per day—one shift. They also had it well tested.

(7.) Dr. K. A. Clark, of the Alberta Research Council, watched the oil pouring off the separation plant for several days, but had nothing whatever to do with causing it to function that way. In fact, he still claimed that it was not a separation process, and that a new test plant would have to be built, and a few more years of research work carried on before that point could be reached. Why? I leave to the reader's imagination. He definitely knew better, and the botch made of the new one they built speaks for itself.

(8). Champion was also very critical of — what he called — Fitzsimmons' crazy idea of wanting to make good to the shareholders. His attitude was, "To H—— with the Shareholders, if they invested and lost, that was their hard luck." Subsequent events tend to prove that — even then — it was his intention to eliminate both Fitzsmmons and the Shareholders.

TANNER ADVISED.

(9). Early in April 1945, I was introduced to the Honorable Mr. Tanner by Dr. McPherson, M.L.A. for Ryley, who insisted that I acquaint Mr. Tanner with the foregoing, and to advise him that my experience convinced me that — the way they were going about it,—what was being attempted at Bitumount by the Government, could not possibly succeed.

Guy E. Haymond.

MARCH 20TH, 1953.

TO WHOM IT MAY CONCERN.—

This is to certify that I, Louis Willette, of Edmonton, Alberta, was, in the month of July, 1943, hired by R. C. Fitzsimmons, to work at the Tar Sand Extraction Plant at Bitumount, Alberta. He—Fitzsimmons—was then in charge of the work subject to instructions from L. R. Champion, who I was told had taken over International Bitumen Company Limited, which had taken over the enterprise.

Upon my arrival at Bitumount, I found that the Foreman at the plant was Mr. Hans Norgard, and the Engineer, James Delano. I was hired as mechanic, to get the plant machinery in readiness for operation. At the time, I was told by Fitzsimmons that he was disappointed in not having new impovements, that should be added to the plant, the need of which was indicated in the last operation, in order to make it work more efficiently and that Champion had agreed to install. But at Champion's request, he was starting up—as was— to make a short run, so that he—Champion—could see first hand that it could produce Bitumen. Mr. Champion was supposed to be coming in, to be present during the operation.

At that time, labor was scarce and hard to keep. A Boat, Scow and team of horses had to be purchased. Also a Bull-Dozer brought in to help with the mining of the sands. As a result, we were late in getting started, and as Mr. Champion did not come in as he was expected to, the crew became dissatisfied, and we could not continue. While in operation, the plant worked fairly well, did a good job of separation, and produced some 300 barrels per day—one shift.

Champion never appeared at the plant until the day after it was shut down and most of the men had left. And then, only for a short visit. At this point, everyone left except myself and Mrs. Willette. We were engaged to remain there for the winter.

In February 1944, I was called to Edmonton to look over a tractor and other equipment they were contemplating purchasing, and was informed by Fitzsimmons that the new improvements for the separation plant were being ordered. I returned to the plant again in the early part of March. Fitzsimmons came in the first of of June, and about that time, Mr. Champion placed Martin Neilson in charge of all operations at the plant and Fitzsimmons, after showing him around, explaining the operation, how and where the new improvements were to be installed, left for Edmonton.

The new equipment was late in arriving, and did not reach Bitumount until July. It was installed under the supervision of Martin Neilson, and upon starting up the plant it would not make a proper separation. After a few days trial—without success—Fitzsimmons was sent for, and arrived there the latter part of August. And within a few days, after making changes in the installation set-up, and the regulation of speed and temperature adjustments in all the different parts of the operation, the plant functioned perfectly. I was placed in charge of the separation end of it. Fitzsimmons explained the different functions to me, speed each working part should run at, and what temperatures should be kept at in each vat, as the material moved along until it dropped into the tank of boiling water, where it made an almost immediate separation. Then, as he was not welcome there by Mr. Champion, he (Fitzsimmons) left for Edmonton. After a day or so, when each man learned his particular part in the operation, the plant easily produced 500 barrels per day—one shift. However, apparently, it was not intended to be kept producing, and did not run over ten days during the whole season.

I might add here that obstacles were thrown in the way of Fitzismmons getting the plant into working condition. Several of the key men were loath to take orders from him, and showed hostility towards every move he made, and at one particular phase of the operation, the whole water system was mysteriously shut off. Champion told me himself that he did not want Fitzsimmons there.

On the third day after his arrival, Fitzsimmons was particularly anxious to get certain parts of the work completed. And, although it was Sunday, some of the men had agreed to work. But Champion took the whole crew including myself up river on a picnic outing which left Fitzsimmons alone to do as best he could. In spite of all this, he managed to get the plant going, and it worked perfectly—when allowed to run.

It was September 5th that Fitzsimmons left Bitumount, and a few days later, a number of Cabinet Ministers of the Alberta Government, including the Hon. Lucien Maynard landed there by plane. And, after inspecting the workings of the Separation Plant—which was then in operation—all expressed themselves as being surprised and pleased with what they saw, and showed a keen interest in the amount of Oil being recovered, the rate at which it was being produced, as well as the efficiency of the separation. Mr. Maynard was especially interested in the output and performance of the separation, and had Photographers, who were in their party, take motion pictures of the operation, cautioning them not to do as they did at Abasands, i.e., pour Oil in one end of a pipe, and take pictures of it coming out the other end.

Dr. K. A. Clark, from the University, was there when they arrived, having come in a few days earlier. He too showed great interest, and expressed surprise at the amount of Oil flowing through. He had been watching it work for several days, making notes and taking samples, and, from remarks he made, there can be no question but that he knew the system then in operation was capable of sustained production on a commercial basis.

Some 500 barrels of Bitumen were put through the day the Minsters were there. This, added to what was already on hand, amounted to well over 3,000 barrels of of separated Oil in the tanks. That was the last run that plant ever made. It was set aside in favor of building a new one, although it was not too late in the season to have kept on producing.

I forgot to add that the Refinery—whether intentional or otherwise—was put out of commission, so that no finished products could be put through. The operations referred to above were confined to separating Bitumen (Crude Oil) from the Tar Sands, ready to be refined.

I am prepared to go into Court and testify under Oath as to the accuracy of the above. **Signed. Louis Willette.**

TO WHOM IT MAY CONCERN

This is to certify that I worked for International Bitumen Company Limited, at Bitumount, Alberta, during he season of 1937 and 1938. And, while my particular work was steam engineer, I helped in the construction of a Refinery erecting Storage Tanks, laying Pipe Lines and steam-fitting for the various parts of the operation, installing machinery, etc.

Purpose of the operation was to extract Bitumen (Crude Oil) out of the Tar Tar Sands and refine it into Asphalt and Oils. The refinery was completed in 1938, and a considerable amount of marketable material produced. While the refainery was a simple one, Steam Distillation type, it did good work in what it refinery was a simple one, Steam Distillation type, it did good work in what it was intended for.

The Extraction Plant was the important part of the whole operation, and, as a Steam Engineer, I became thoroughly familiar with every phase of it, from the feeding of the raw material into the hopper, to the pumping of the oil to the Storage Tanks for the refinery, and there was no question that it worked efficiently, in putting through about 300 barrels per day (one shift) of clean Crude Oil ready for refining.

Again, in 1944 I worked at Bitumount for Oil Sands Limited on the same Extraction Plant. Some improvements had been added, which were indicated as essential in 1938, which increaesd the capacity up to—possibly—500 barrels per day, and I can say without the slightest hesitation, taht the Extraction Plant operated perfectly in recovering oil from the sands, and preparing it for the refinery. However, the refinery was not started up at this time, and the Extraction Plant operated only for a short time.

(Signed) James Delayno.

While we could produce many more testimonies we feel the above should be sufficient to support our claims of sabotage and unfair treatment against our company.

GOVERNMENT TAKES OVER.—

Excerpts from letters received concerning operations in 1945 after the Alberta Government took over and started to build the new plant, under the joint management of L. R. Champion and the two above mentioned Cabinet ministers of the Government.—

"Bill Mann who has been in charge of construction all season, quit this week. When asked what they had to show for the summer, he said 'One H—— of a Payroll.' Actually have done nothing constructive, that the Engineer in charge was one hundred per cent at keeping his men from doing anything. I just can't work there, it is out of the question to accomplish anything."

October 13th Concerning Logging

"McCallum says that the cost of experimenting with over haul outfit in the bush cost thousands of dollars without success, and he knew it would fail when they started with it."

"There crew averaged about the same number of men as we had there last summer, but they have done nothing at all. except to tear down what we had built up. It apparently is the plan to destroy whatever was there."

EXCERPTS FROM STATEMENT OF BILL MANN

On June 7th, 1945 I was hired as Construction Foreman for the proposed Plant at Bitumont and went down to look the situation over on June 8th, 1945.

Mr. Ferguson and I looked over the proposed site and also looked over the Plant, which was built there previously by Mr. Fitzsimmons.

We placed an outboard Motor on a Skif and went down River to try and locate logs, which had been cut the previous winter. Had quite a time to find some of them, they were a very poor sample of logs generally and scattered all over. Some were in impossible places to get out to the river and load them into a scow. After locating the logs we returned to McMurray and fixed up an old scow and took supplies to Bitumount and got the camp started. The boat went down River to pick up a larger Scow. After it arrived back, we had to do considerable repair work on it before it could be used for hauling logs.

Sawmill machinery arrived, the saw-carriage was purchased from one outfit, the Planer from another, and the edger from some other Company. Whoever made these purchases evidently did not know that these three pieces of machinery were to be assembled so as to work as one unit, all driven from the same source of power on a main shaft and from there to each individual part. No shafting, pulleys or Belting were shipped. After repeated requests for the various parts, Ferguson went to Edmonton the Saturday before Labor day and made arrangements with various outfits to pick up most of the materials required, and shipped on the train Tuesday morning, even though Monday was a holiday. Why could the office purchasing department not have done this under normal conditions?

It began to look as if there was something radically wrong around the office, some one was not attending to the duties the Government was paying wages for, and the wages did not stop at the office alone. We were down there trying to get the thing ahead as best he could with nothing to work with, and had to get along with whatever we could pick up around the old plant and spend hours of labor making something to get by with. We practically wrecked the old plant.

On August 3rd we ran out of supplies for the Cook and had to borrow food from Elmer Ellison to supply the boys with breakfast and dinner, simply because the office staff had not ordered the supplies to get to Waterways a week earlier than what they did.

During the time I was there, June 7th, to the last of September 1945, the conditions under which we were working were very unsatisfactory and the chief trouble was in the haphazard way in which the thing was handled in the Office in Edmonton."

(Signed) Wm. Mann

October 28th — More About Lumber

"The Timekeeper that was down river all summer, quit and came out the last trip of the boat, and I may say that he has an interesting piece of news. I quote—'Actually all that has been done this season, is get out some hundred thousand feet of lumber, that is, it will be when it has been milled. The cost to date amounts to "12.00 per log, or $144.00 per thousand feet. I am the fellow that does the keeping of costs.' He also had another bit of informatioh that I am sure will be of interest to you. Champion's salary is $1200.00 per month."

"In going from man to man wanting to know why nothing had been done, almost all of them agreed, that it was the fault of the Superintendent Mr. ——— who in turn told them that he could only follow instructions as received from Edmonton."

January 31st. 1948 — Re Management

"Dear Mr. Fitzsimmons:—

"I thank you for your letter of January 28th.—It is not quite clear to me what the Lawyer is going to charge Mr. Champion with.—If I knew more about the details, maybe I could have something to contribute to it."

"To my way of thinking, Mr. Champion is an incompetent man for a President in that kind of business. There are many instances that could be cited to substantiate that. One of them, for instance: He hired a consulting Engineer for a fee of $35,000.00 after the design of the plant was about half completed.—While this Engineer may be a very good man in the petroleum industry, he had never seen the tar sands, nor had any experience with it. At the time of his engagement, the services of experienced men and myself were there. I, at that time with about four years experience in a leading position in this development. I am not mentioning you in this connection because Mr. Champion and yourself were not at that time on speaking terms. That is the way it goes with most men who have any connection in business with him. To spend $35,000.00 of the Company's money that way was, in my opinion, an absolute waste of the shareholders money. While the Government put up the money, it must be paid back before the company can hope to get title to the plant."

Signed

Setting aside the Plant at Bitumont, that was opearting there in 1944, and building the new one — as a Pilot or Test Plant — by Government of Alberta, was so utterly ridiculous, and so far removed from practical common sense, as to render those responsible, unreliable, irresponsible, and incapable of handling public interests entrusted to them, or motivated by a sinister purpose. Such stupidity by men in high places is beyond comprehension. Not one single solitary point was gained, save to stop production, (that was then going on), put the small interests out, and the big interests in. For his, the taxpayers paid over two million dollars, and are still paying, with, as yet, no sign of anyone going into production. Government explanation was, that they wanted to make some tests. Then why did they not use some of the three thousand five hundred barrels of separated Bitumen that was already in the tanks at the time they decided to build the new plant, or avail themselves of the many tests had already been made, covering almost every phase of Petroleum derivatives?

We suggest that they have not made one test, nor isolated one article that had not already been done many years before, and that nothing has taken place to further the cause of utilizing the Tar Sands, and that nothing can take place, that could not have been done, had the original plant been allowed to function, as it was capable of doing, without building a new one, even if the latter would work efficiently, which it will not.

As far back as 1925, 26 different ingredients had been made up, from Bitumen taken out of the tar sands, by me, at the location that I later named Bitumont. And in 1931, some 16 different Roofing materials and paints were being processed from Bitumen produced at the same location. By 1938, some 64 articles had been made up, processed, or isolated from Bitumen, Oils, or Asphalt, produced by International Bitumen Company Limited, Tests, Analysis, and experiments were made by 30 different Laboratories, Research Councils, Bureau of Standards, Analytical Chemists, Refineries, Paint Experts, Paving Engineers, and Institutions, besides the practical uses to which it was applied, addresses of which we can furnish, together with list of articles referred to. These tests were made throughout Canada the United States and England. Tests were also made in Germany and other places which had nothing to do with, from samples brought out by other people prior to our entering that field.

Some 300 new built-up roofs were put on buildings in Alberta, with either Bitumen or Asphalt produced by us between 1930 and 1943.

Most of the men in the Alberta Government, knew all about this. We paid them Royalty on production, yet they say (in substance) that we did not produce.

Had the Government of Alberta given the International Bitumen Company Ltd. a square deal between its inception in 1935, and the fall of 1941, the company would have had no trouble in making the enterprise a complete success, without the need for asking material help of any kind from them.

Then in 1942, when uses for Ashphalt and Fuel Oils were curtailed, had the Government heeded our request for assistance in getting the Plant into operation, as was, and is their custom, with other enterprises, we still could have gone on successfully from there, and would not have entered into the agreement with L. R. Champion as we did in 1943. $35,000.00 was the sum suggested at the time as working capital to start the (then) plant into production of 350 barrels per day — one shift, of about equal parts Fuel Oil and Asphalt, both of which were in short supply and badly needed. Thus assuring a market for the out-put. The amount requested, either by way of loan, or advance payment against delivery of Asphalt. At the rate of 40 tons per day, it would not have taken long in repayment, and the output could have been materially increased by running three shifts per day instead of one. In addition, the capacity of the plant could soon have been increased, so as to produce sufficient of both those commodities to supply all of Western Canada's needs, most of which were then being imported from foreign countries. Although these facts were pointed out to the Government they flatly refused to help.

Again, in 1941, had they kept out, minded their own business, and allowed the plant — that was then functioning perfectly to continue in operation, it would have still been a success, although the original shareholders of I.B. Co. would have had a much smaller interest in it.

In 1938, we had reached the stage of development, at which the big interests could not have stopped us, except through government channels, had we been able to market that season's output, or obtain working capital to carry on. Every worthwhile financial interest shown, was blocked by someone in the Government.— Either by not telling the truth, or putting the BEWARE signal after it, or completely ignoring our position in the development of the tar sands when giving out what was purported to be a true detailed report on all developments in the tar sand field, since it was first discovered by Alexander MacKenzie. We were also blocked in the marketing of material, so that we had to give away "FREE" a number of carloads of both pure Bitumen, and Specification Asphalt, to get it introduced into the various fields of use for which it was suitable before entering the roofing business on our own, to utilize what was left

In all the publicity given the tar sands over the past six years via Radio, Press and lectures, not once was our company mentioned, though admittedly the first to extract oil from the sands, and which had placed a large variety of essential commodities at the disposal of the public as far back as 1931. WHY WERE OUR ACCOMPLISHMENTS IGNORED? By no stretch of the imagination, could this have been an oversight. The Government was kept well informed at all times as to what was going on. There is ample proof of this in their own records, that is, provided those records have been properly kept, moreover as mentioned before, WE PAID THE GOVERNMENT ROYALTY ON PRODUCTION, and have official receipts as proof of that. Furthermore, some men from the Government visited the plant several different seasons, and viewed its working when in operation, including the—then—Minister of Lands and Mines, who saw it in operation on more than one occasion. He at one time remarked in the presence of the writer, in answer to a question, "THE PLANT WORKS, I SAW IT."

Dr. K. A. Clark, head of the Alberta Research Council, spent from five to en days watching the plant in operation—at least—five different seasons. We have a statement over his signature, to the effect that, "IT WORKS". His reaction to what he saw, was just as far fetched, as the story told about the man viewing an unfamiliar animal for the first time, shaking his head and saying, "THERE AIN'T NO SUCH ANIMAL."

In September 1944, a number of Cabinet Ministers spent several hours there watching the plant work perfectly, separating Oil from the sands at a rate of better than 500 barrels per day. A few days later, those same Ministers concurred in the decision to set that plant aside, and build a new one, knowing that the only purpose it could serve—if successful—would be to duplicate what was already being done. But the one they built was not successful, and cannot—in its present form—be made to operate nearly as efficiently as the one they discarded. Before that decision was made, the writer advised the Minister in charge against such a step, pointing out the absurdity of building a pilot plant, instead of using the one that was already there, until such time as they required the necessary data, to build a large plant for mass production. Not only was the advice ignored, but the adviser fell into disfavor with the Department, as well as every one else connected. In face of all this, what conclusion could be reached, other than that their intention was to prevent or retard production from that field?

The principal contribution of the Alberta Research Council in the development of the Fort McMurray Tar Sands, will best be remembered for what it did not do. Their one great accomplishment was, preventing separation, and at the same time, keeping the public satisfied. The most remarkable achievement imaginable is how after thirty five years experimentation, they were able to keep Oil from separating from the sands, a feat almost comparable to turning time back. And, as stated before, Dr. Clark was fully aware of what we had accomplished. Yet, 15 years after the extraction problem was solved by us and many thousands of barrels of oil produced, he took part in the building of a new test plant by the Alberta Government for that same purpose, which could not have added anything to what had already been done, even if it had worked as efficiently as the original one, which it did not. Why did he do that when there were 3,500 barrels of separated Bitumen in tanks on the ground when they started building the test plant? That amount was corrobarated by L. R. Champion in a statement appearing in the Globe & Mail January 11th, 1945.

The Edmonton Journal of December 8th, 1944, published a statement by the Hon. Premier Manning, announcing the Government's intention, to erect a pilot plant to make tests from the tar sands, and in one paragraph he said "IT HAS BEEN ESTABLISHED BEYOND QUESTION THAT SUCCESSFUL AND EFFICIENT SIMPLE PROCESS EXISTS FOR THE SEPARATION OF THE OIL FROM THE SANDS AND THE REFINEMENT INTO COMMERCIAL PRODUCTS."

The announcement further stated, "The location at Bitumont was chosen, the Premier said, because research by Dr. K. A. Clark, member of the Research Council of Alberta, indicates production is greatest and the oil sands also could be more easily worked because of scant soil and forest covering." Other points mentioned were that, others delayed too long, and that the Government was building a pilot plant for tests to work out cost accounting. And, if successful, the importance of making materials available for road building, and housing projects, etc. See copy of the publication.

AS TO GREATEST PRODUCTION—

That was brought about by INTERNATIONAL BITUMEN COMPANY LIMITED, and was supposed to have been followed through by "Oil Sands Ltd." without aid from the Government.

AS TO SUCCESSFUL AND EFFICIENT PROCESS—

That was perfected and patented by "INTERNATIONAL BITUMEN COMPANY LIMITED." While one other plant produced Oil and Asphalt from the tar sands, ours is the only one, (up to this date), that ever did separate oil from the tar sands

Because of its light overburden, richness of oil saturation and thickness of deposit, that location was selected by the Writer in 1922. The Premier however would be surprised, to behold a picture of the dense forest covering, which we, who pioneered that district had to remove at that time.

The Premier erred in giving credit to Dr. Clark for research work done at Bitumont if, by that he meant anything in connection with the process we had developed and in operation at that time.

Dr. Clark will not claim to have had anything whatever to do in the way of research work, development or production, or anything else in any way in connection with our process and the work we carried on at Bitumont other than analyzing materials after they were produced, until after Champion and the Alberta Government decided (in Fall of 1944) to discard the then existing plant and build a new one. Quite likely he did recommend that location as he was thoroughly familiar with what we had accomplished there, and the tests of materials we had produced.

AS TO OTHERS DELAYED TOO LONG—

Our process, which is the one the Premier referred to, successfully Extracted Oil from the Tar Sands, and had commercial products placed at the disposal of the public, more than Fourteen Years before the announcement by him of the Government's intention to erect a test plant, therefore there could not have been any reason for such useless expenditure of public funds except to fool the people by pretending to want production while actually preventing it.

The only reason we did not succeed in bringing our enterprise to a commercially successful state, was because of the unfair discrimination practiced against our efforts by the Alberta Government.

AS TO MATERIALS FOR ROAD BUILDING AND HOUSING PROJECTS—

Why did the Government not co-operate with the International Bitumen Company, who had materials (which it could not market) available for those purposes from the Fall of 1931 to The spring of 1941, when we entered the roofing business to utilize what was still on hand. We gave away Carloads of both pure Bitumen and Ashphalt in order to educate the public — Including Governments — as to the many different uses to which it could be applied. In 1931 Commercial Cartage Company, of Calgary, paved a mile of Road of the Banff - Windermere Highway and some Streets, in the Towns of Banff and Medicine Hat. That same year, Deacon Roofing Company, of Calgary, was processing Roof Coatings, Plastic Gum's, Lap Cement, Paints, Varnishes and other articles, from pure Bitumen we gave them to get it introduced into the Building trade so the people might know their needs could be supplied from home production instead of being imported from foreign countries.

Many of the articles we processed were on display in the Social Credit Exhibitions, at the time they were featuring the Slogan — "WHAT ALBERTA MAKES— MAKES ALBERTA" and in 1944 when the Alberta Government decided to sidetrack the then existing plant at Bitumount, and build a new one there, some 3,500 barrels of Separated Oil was in storage tanks on the Ground, available for any testing purposes they might wish to make.

AS TO COST ACCOUNTING—

During our 1938 operations a complete flow sheet was worked out showing an overall cost (including depreciation) of .63c per barrel, as follows—

Eighteen Cents (18c) per barrel for mining, separating and cleaning the oil, ready for refining, and Forty-Five (45c) Cents per barrel for refining, filling containers and loading.

This is the plant that the Government set aside to replace with a new test plant, which they now freely admit was not meant to be a production plant. This, we think, is one for the records, and beggers discription. Maybe this mess can be unscrambled, but it's too much for us, we give up. What influence or pressure could have been brought to bear to cause — otherwise seemingly sensible men — to do what they did we leave to the reader's imagination.

All the information set out in the foregoing pages was either available to the Government or already in their hands. They knew that we were ready at all times to supply them with the very materials for production of which they were pretending to build a plant to try to obtain. That is: Even if they had meant it to be a production plant. That's the excuse they offer for building it.

Up to 1941 we could not market our material, but in 1942, the situation changed. Uses for Fuel Oil and Ashphalt were restricted and that being imported was not sufficient to supply the demand, which meant a ready market, but then we could not obtain working capital to operate our plant to supply it. It was only then that we requested assistance from the Government. Correspondence between our Company and the Government prove they knew that we could, with just a little financial help supply all of Alberta's needs for Fuel Oil and Asphalt, and could soon expand to supply all of Canada, in so far as Freight Rates would permit shipping. Up to that point we had never looked to the Government for financial aid. Remember, this was at a time when those commodities were in short supply, and all being imported.

Premier Manning further stated "THAT MEMBERS OF THE GOVERNMENT INSPECTED THIS PLANT WHILE IN ACTUAL OPERATION, PRODUCING CLEAR SAND-FREE CRUDE OIL". "That no major mining, separation or processing problems exist." The Government, he added, had come to that conclusion after careful investigation of all known factors including scientific analysis at the University of Alberta, which prove that the process completely removed all the sand." NOTE: All above statements credited to Premier Manning are copied from the 1944 December 8th issue of the Edmonton Journal, and we presume that the Premier was correctly reported.

STATEMENT OF CORRECTION— June 12th, 1953

Since making the statement, dated March 20th, 1953, in regard to the workings of the Tar Sand Extraction Plant at Bitumount, Alberta in 1943 and 1944. It has come to my attention that the Hon. Premier Manning was quoted in the Edmonton Journal of December 8th, 1944, as having said that the plant was producing at the rate of 150 barrels in nine hours. And, as a result I wish to elucidate a little further on my statement—

(1) The Premier erred in stating that figure, as the then existing plant at Bitumount would easily produce on an average of 500 barrels in nine hours. I was the man in charge of it's operation and therefore in a position to know. I saw it actually put through, at flush capacity over 65 barrels per hour. And, that without the use of chemical reagents or diluents of any description.

(2) Dr. K. A. Clark, of the Alberta Research Council, was watching it at that time and knew that it was producing at that rate. While he (Dr. Clark) had nothing to do with the designing, setting up or operating the plant, he spent considerable time around it during the summer of 1944, and knew exactly what it was doing. His remarks to me about the efficiency of the operation and the amount of Oil being produced were conclusive proof of that.

(3) Dr. Clarks interest was centred around the building of a new plant that he, Neilson, Champion and some of the Government officials were determined to build regardless of the performance of the existing one. Most of the summers work of the leading men — at the plant — was directed towards that end. Including Mr. L. R. Champion himself. That was the point that he and Fitzsimmons fell out out over.

(4) A number of the Alberta Government members visited the plant and saw it working at it's best. Including the Hon. Lucien Maynard, who had pictures taken of the operation. Some 500 barrels of oil was produced the day they were there. That was the last day that plant ever worked, it was shut down permanently upon the departure of the visitors. Incidently, Dr. Clark was also there that day.

(5) The plant was not allowed to work over ten days during the whole season. And the Refinery end was put out of commission so that no finished materials could be put through. And no effort was ever made to rectify it.

Signed — Louis Willette.

Highlights of the Premiers announcement are.- 1. That he was definitely referring to the process perfected by International Bitumen Company and the plant we built and operated at Bitumount, as the only other plant that ever produced from the Tar Sands was Abasand's Oil Company. But wait till you hear what the Alberta Government had to say about Abasands. 2. That he corrobarated practically almost every statement or claim made in the foregoing pages.

Couple this with the phony propaganda that was put over the radio and in the newspapers by Mr. N. E. Tanner during the last four years that he was in office, to the effect, that, if they could only find a process or method of extraction, or some way of separating Oil from the Sands, great developments would follow, etc. etc., knowing as he did — at all times — that such a process existed, and the situation becomes even more complicated. Mr. Tanner's childish prattle of course, was purely window dressing to further fool the people. They had succeeded in stopping production that was then going on, making regulations that would insure that only big interests could acquire holdings in the tar sands field and they were looking for a way out. In a measure, the big interests came to their rescue by taking out prospecting permits in the area, which they make the most of in trying to justify their waste of public funds, but it still does not guarantee their going into production. Furthermore: more interests would have been drawn to the Tar Sands, and probably in a more profitable way for the government, if the plant and process that Premier Manning spoke so highly of, had received the moral support of the Government at the right time, and been allowed to continue production operations.

Add to all this drivel and petty-fogging of the issue, the oft repeated assertion by Dr. K. A. Clark "That it would require a few more years research work before the tar sands would be brought into production", and you have the complete picture as to why all the intrique, deception, Ballyhoo, double-talk, misstatements and mishandling of public funds to keep the tar sands out of production until such time as it suited the purpose of big interests to bring it in. For many years it had been a carefully guarded reserve awaiting their pleasure. Mr. Tanner is quoted as having made the statement in a public address "THAT IT WOULD BE ANOTHER 50 YEARS BEFORE THEY WERE DEVELOPED, THAT THE DEPOSIT WAS AN ACE IN THE HOLE," ETC.

Up until 1930 no one was greatly concerned, as no headway had been made towards solving the problem of separating Oil from the sands, but by 1931, it became a matter of both National and Provincial importance, when our plant had produced some 2,000 barrels of pure Bitumen (Crude Oil) that contained less than 1% moisture and only a trace of dirt, by the same process that Mr. Manning spoke of in his announcement published in the Edmonton Journal on December 8th, 1944. They knew that mass production by our company was only a matter of sufficient capital to install larger equipment or more units. With reserve funds on hand to get it introduced into the markets, which as stated before, were all being supplied at that time by imported material. That is where the squeeze began to keep us form obtaining capital. The irony of it all is, that it was only the lack of reserve funds to enable us to fight our way into the market that prevented our success, moreover as stated before, if we had had the moral support of the Alberta Government, we would not have had any trouble in securing capital.

By the way, we do not believe that Premier Manning knew all about what was going on. That however, does not absolve him from all blame, as he is responsible for the men with whom he surrounds himself. We simply cannot understand why he sanctioned the building of the new plant, knowing as he did how well the then existing plant worked. (That plant however, actually produced over 500 barrels in nine hours, instead of the 150 that he mentioned.)

Finally, we call your attention to what the Alberta Government had to say about Abasands. On March 13th, 1944, the Alberta Legislature endorsed a resolution to petition the Dominion Government to set up a Royal Commission of enquiry to investigate all activities in connection with the Abasands Oil properties, from June 23rd, 1942 to that date. The mover of that resolution charged those responsible with criminal sabotage, incompetence, scandalous waste of public funds and almost every crime on the statute books. Then they turned round and did the very same thing at Bitumount. We suggest that you read the statements made in connection with that resolution, then apply the whole principal involved to what the Alberta Government did at Bitumount, and you will have the correct picture. Proceedings of the above were published in the Edmonton papers March 14th, and in the "TODAY AND TOMORROW" March 16th, 1944.

FOLLOWING IS ONE PARAGRAPH COPIED FROM THAT RESOLUTION/Headed "STRANGE HAPPENINGS"

"Shortly after the Dominion Government took control of the property, strange things began to happen. Out of the North came an endless string of weird incredulous stories of criminal incompetence of scandalous waste of public funds and charges of sabotage were heard on every hand. So persistent were these ugly rumors that we decided to investigate and we found there was ample justification for the rumors."

We again call attention to the fact that the Alberta Government set aside a plant that was producing oil efficiently, and built one that they admit was not intended to be a production plant, that the one they discarded separated oil from the sands in an almost perfect manner, (their own statements verify this) without the use of chemical reagents or Diluents. And, the Government, before starting up the one they built, shipped in some 70,000 gallons of Diesel Oil to be used as a diluent in their separation tanks, to help recover the oil. Need we say any more?

On December 31st, 1948, Mr. W. E. Adkins, Superintendent of the Alberta Government Oil Sands Project, in making his report to the Board wrote, "IT WAS NEVER PLANNED THAT THE PLANT WOULD PRODUCE COMMERCIAL PRODUCTS, OR BE SELF SUPPORTING."

Again, in Mr. Adkin's report to the Board of Trustees, dated December 31st, 1949, he wrote "SINCE IT WAS NOT INTENDED THAT THE PROJECT SHOULD SUPPORT ITSELF IN WHOLE OR IN PART BY REVENUE FROM THE SALE OF PRODUCTS, THE REFINERY IS RELATIVELY SIMPLE, AND HAS BEEN DESIGNED PRIMARILY TO FULFILL THREE FUNCTIONS:

1. "Production of fuel oil for use in power house, refinery heater and dehydration heat.
2. "Recovery of diluent added to facilitate cleaning up the separated oil.
3. "Production of new diluent to balance processing losses."

In other words; the refinery was only intended to recover the diluent, and try to produce enough more to maintain the amount of 70,000 gallons which they had purchased to start with.

Mr. Adkins further stated that the plant recovered only about 75% of the oil that was in the sands, and that 10% to 15% of that was lost in trying to flash the water out of it. Also, that the fuel oil does not meet usual specifications, and should be dumped in a pit, or burned as waste matter.

Compare this to our plant (which they discarded to build this one) which made a perfect separation of pure sand free oil—without the use of diluents—and refined into (Commercial) standardized specification products, and the intrigue becomes even more evident.

It is hard to imagine anyone spending a large sum of money to build a refinery

that was not designed to produce standardized products and with its through-put only fit for disposal by burning in a sump hole, as suggested by Mr. Adkins, then claiming it to be a work of Art and a wonderful step in advancement towards the production of Oil from the Tar Sands. If, by any chance, they deemed it expedient in the Public Interest to with-hold production from that field until some future date; Why? were they not honest enough to say so rather than spend all that money in trying to prevent it. At that time no oil of any consequence was being produced in Canada.

We do not classify Mr. Adkins in this category however, as we understand he entered the picture after the plant was built, and had nothing to do with its designing.

Truth is; we are indebted to him for the detailed description he gave in his reports of 1948 and 49, which were published in book form, showing up the tragic results of the undertaking and pointing out the inefficiency of both the Extraction Plant and the Refinery, as well as the flaws, defects and general weakness in the whole set-up.

Mr. Adkins estimated that a further sum (of a minimum of $150,000.00) would be required in order to adjust that Refinery so that it could produce marketable materials. WE COULD KEEP RIGHT ON QUOTING SIMILAR INFORMATION FROM THE SAME SOURCE, BUT FEEL THAT THE ABOVE SHOULD BE SUFFICIENT.

On March 24th, 1944, a motion picture of our separation plant extracting oil from the tar sands, was shown to the whole Alberta Legislature Assembly, in the Legislative building. While the picture was of our 1931 operation, and not nearly as efficient as the plant operating in 1944, it was the same principle, and showed conclusively that our system was capable of separating oil from the sands on a commercial basis.

In spite of the statements made by Premier Manning in 1944 about the perfection of the process as referred to above, the last four years that Mr. N. E. Tanner was in office, he kept harping on the question of trying to discover a system of extracting oil from the sands. Their radio and newspaper comments would indicate they were trying to make the public believe that the great potentialities of the tar sand deposits were just then being discovered, and that they were the finders; Whereas, similar announcements were published as far back as 1888. It had been mentioned however by Peter Pond as far back as 1778, and again by Alexander McKenzie in 1789. The next report of which we have any record was Sir Boverton Redwood, that eminent geologist, and perhaps the greatest living authority on oil in the world at that time. Speaking before "The Select Committee of the Senate of Canada" in 1888, reported the existence of that deposit, as the most extensive petroleum field in the world, and the enormous value it should assume in the near future, (Meaning from that date) to rank among the chief assets comprised in the Crown Domain of the Dominion. Sir Boverton did not know his Canadians: nor could he be expected to know that production from that field would be retarted by the very people who should be the most interested in its development. Next came Dr. R. G. McConnell, in the Annual Report of the Geological Survey for 1890-91: Then Dr. Dawson, in his report of the operations of the Geological Survey for the year 1894: Von Hammerstein, in his report to the Senate Committee of 1907: James White, Deputy to the Government Conservation Commission: Prof. Robert Bell, Head of the Geological Department of Canada: Dr. J. A. Allen, Professor of Geology, University of Alberta, Edmonton: James D. Tait, 1911, who supervised the drilling of six wells in the tar sands: Dr. T. O. Bosworth, the great English Geologist of London, in July 1914, made what is perhaps the greatest claim for the tar sands that has ever been made. Again, in 1919, Dr. Bosworth, who was then Chief Geologist for the Imperial Oil Co. Ltd., made a similar statement to members of an Industrial Congress held in Edmonton in August of that year: Dr. S. C. Ells, of the Department of Mines Ottawa, published the results of a detailed study report "No. 281" in the Mines Branch Bulletin in 1914. He continued in that district, and made annual reports up to about 1933. He also drilled a number of test wells, did surveying work, and made a complete set of Topographical maps of the Tar Sand Area, as well as mining the Sands to supply the test plant that Dr. Clark tried out near Waterways in 1930-31: Which (like all the other plants built by Dr. Clark) proved unsuccessful.

A report by F. H. McLearn, of the Geological survey, Canada, was published in 1918. It was he who gave the name "The McMurray Formation" to the Tar Sand Deposits:

S. E. Slipper, D.Sc., former Dominion Government geologist, made a report and

also explained the Chemical make-up:

A report by the Royal Commission of the British Empire was published in the Magazine of Wall Street in July 1919: Large newspaper articles appeared in all the leading papers of New York City in 1921, and Brokers offices in New York were giving daily tape readings of developments in the Tar Sands That was occasioned by work being carried on at that time by the Alcan Oil Company, a New York concern:

Dozens of lesser lights made reports, between 1900 and 1932, all claiming the enormous potentialities of that field. In this connection, it might be interesting to read what the Edmonton papers had to say on that subject in 1920.

Quote, "Already oil experts from almost every oil producing country in the world have been quietly examing the stratagraphic formation of the huge beds of oil shales in our vast northlands, many have been the secret test holes put down in exhaustive has been the data gathered, examined, discussed and analyzed; every test points to the great truth, the undeveloped oil fields of Northern Alberta stand unchallenged as Canada's greatest asset. The near future will see these great natural oil reserves tapped, developed and capitalized by BRITISH CAPITAL in BRITISH INTERESTS for the furtherance, maintenance and strengthening of the BRITISH EMPIRE" unquote. Published in the Edmonton Bulletin, June 4. 1920.

NOTE:

Never was a prediction so completely disregarded, the idea expressed in the Bulletin was not even remotely lived up to; On several occasions International Bitumen Company had British capital arranged for, to finance its operations; but each deal was killed after the interested parties contacted the Alberta Government.

Between 1907 and 1931, many different companies drilled throughout that district. Eight test wells were drilled by International Bitumen Co., before perfecting its process of extraction. Many others made tests, sank pits, and did all kinds of exploration work in trying to find a method of producing oil from the deposit without mining the sands, and, of course, there was Dr. K. A. Clark and the Alberta Research Department, who have worked on it for some thirty odd years.

While we have the greatest respect and admiration for Dr. Clark personally, we have to disagree with his method of handling the tar sand question. It could be explained here that separating oil from the tar sands defied all established engineering principles, and the reason for their continuous failure, could be that they are looking for a complicated engineering feat to overcome, whereas the actual simplicity of the operation, is so far beneath the scientific mind, that they just will not bring themselves down to it, but keep on adding bottle-necks in the plants they build that will not allow the material to separate. We would hate to think there was any other motive behind it. Whatever the reason, they should not be allowed to play fast and loose with taxpayers money as they did at Bitumount. But, the real tragedy, was the loss it caused the shareholders, whose money and energy and faith had solved the problem of extracting oil from the sands and had built the enterprise up to commercial production.

In view of the foregoing, we again suggest that the Alberta Government has not told the people anything about the tar sands that was not already known, that they did not discover the great potential value of the deposits, they did not learn anything at all about extracting oil from the sands, they did not make any tests nor produce any article that had not already been done, nor could they possibly have ascertained the economical feasibility of separating oil products from the sands, or have determined the factors involved in Cost Accounting from the plant they built. Nothing was done, or can be done, that could not have been accomplished in a better way, had they remained out of the picture and permitted the then existing plant to keep on producing, as they knew it was capable of doing.

As stated above there are some 3,500 barrels of separated Bitumen (crude oil) in the storage tanks on the ground at that time which they could have used for any tests they might have wished to make. Furthermore; according to the Superintendent of the Oil Sands Project, the chief function of the Refinery which they built, was to be the recovery of the diluent, (which had been added to help in the separation of the oil from the sands), and to supply the fuel necessary for heating. Compare this to the above 3,500 barrels that were then in the storage tanks, which was pure bitumen, and had no diluent in it to be removed and you will see what a mess the Government made of the tar sands extraction question.

In conclusion, we again call attention to the fact that, in 1944, when the Govern-

ment took over Bitumount and stopped the production that was going on, and started building a new plant that was not intended to produce, Canada was still importing most of its Oils and Asphalt from foreign countries; very little was being produced in Alberta. In view of the seriousness of such blundering, we recommend that every man that had anything to do with perpetrating that deception on the taxpayers, should be dismissed from any position of public trust. See letters and documents supporting these claims.

FURTHER RESEARCH: March 30th, 1954

Since compiling the data in the foregoing pages, further research brought out the following information that will be of interest to you because it is at variance with claims or inferences by Dr. Clark of the Research Council of the University of Alberta, which were altogether misleading. For instance: Prior to 1924, some 57 processes were patented throughout Canada and the United States, for the purpose of extracting oil from bituminous sands and similar materials, (including oil shale and rock asphalt), 32 of them were of the hot water variety, 22 of which were tried out unsuccessfully on the Alberta Tar Sand deposits, followed by several others in the next few years, with only one beside ours, out of that whole number, making any show of successful production, and that one had to use diluents, there-by reducing it's efficiency.

We could give you the names, places, and dates of the total number referred to, but for the purpose of demonstrating our point, we feel that the particulars about one as decribed by Dr. S. C. Ells, published in the Mines Branch Bulletin by the Canadian Government in 1926, should be sufficient.

"It is not an easy matter to express an opinion regarding the relative merits of various separation plants that were operating in the United States during the period 1891 - 1913. It appears, however, that of the various plants designed for the separation of bitumen from bituminous sands during the above period, the one operated by the Alcatraz Asphalt Company near Carpenteria, California, gave the best results.

"Operations by this company were on a larger scale, and were continued for a longer time than at any other plant in the United States treating similar material. About 1899, operations were discontinued. This action was not necessarily due to mechanical inefficiency in the process which the company had developed, for in 1893 - 4, the product was shipped to New York and other eastern centers, but was primarily due to the INFLUENCE OF CERTAIN POWERFUL INTERESTS, to increase production of asphalt manufactured from domestic and Mexican crude petroleum.

This is a direct parallel to what happened to International Bitumen Company some 45 years later.

EXCERPT FROM THE REPORT BY DR. K. A .CLARK MADE BEFORE THE OIL RECOVERY SESSION OF THE ATHABASCA OIL SANDS CONFERENCE IN SEPTEMBER, 1951.

"Two private companies installed hat water separation plants in the North soon after the demonstration of the method by the Research Council of Alberta on the Clearwater River. The first was the International Bitumen Company, which erected its plant at Bitumount. The hot water method used deviated considerably from the procedure of the Research council of Alberta."

Again, the following statement by Dr. Clark was published in the Edmonton Journal of November 10th, 1953:— "For some years Fitzsimmons tried to get oil production from the oil sands by drilling. In 1930 he followed the lead of the Research Council plant, and turned to mining and recovery of oil by hot-water-washing."

While it is true that we tried to get oil from the sands by drilling, Dr. Clark's inferences that we followed the lead of the Research Council plant or that, we installed a hot water separation plant as a result of the demonstration of the method by the Research Council on the Clearwater River, is entirely wrong as it had nothing whatever to do with the work that we carried on.

In the fall of 1929, when we abandoned the idea of trying to recover oil from drilled wells, and turned our attention towards an extraction plant, I explained to the Foreman that on Monday, June 22nd, 1925, I completed a small model HOT WATER extraction apparatus, and extracted several barrels of oil from the tar sands without any trouble, and that we would start up there in the spring and produce Oil. That is the system to which we returned, and not to the one of the Research Council. At that time (1925) I knew nothing about Dr. Clark's operations, or the many other HOT WATER processes that had been tried out for that same purpose,

and in 1930 I knew that Dr. Clark's efforts to extract oil from the tar sands h proven successful in all three plants that he had opened up to then; So w follow up his lead? The same holds true with all the other plants that he had be associated with.

During the season of 1930, we fabricated and operated a small extraction pla based upon experience gained in 1925, and, by trial and error, we worked ou system which solved the problem of extracting oil from the bituminous sands. Th in the spring of 1931 installed a practical production plant. This was done so on our own experiments, and was not influenced in any way by what the Resea Council was trying to do, or by any of the other hot water processes referred to. T truth is that at that time we knew nothing about any of them.

The only similarity between our extraction process, and the one operated by t Research Council on the Clearwater, was that they both used hot water; but as h water had been used in so many processes prior to either one of us entering the fi that could have no significant bearing on the case. We wonder if perhaps Dr. Cla might have gotten his idea of the hot water method from some of the proces mentioned above?

As stated before; we always had great respect and admiration for Dr. Clark, a it is with reluctance we say that through what has happened we have been forc to the conclusion that his part in connection with the Tar Sands had a tender towards preventing rather than helping production. Why? Failure of Dr. Clark succeed or accomplish separation of oil from these sands is one of the marvels of t century. He admits this failure by claiming further research work is requir Coupled with this is the statement by W. E. Adkins that the plant they built Bitumount was not a success.

On March 20th, 1954, it was announced that a further sum of $27,000.00 w required for the up-keep expenses of the plant at Bitumount for the current yea 1953 appropriation was $31,700.00 for that purpose, just to keep it in repair a whatever management expenses might be attached. THE PLANT IS NOT IN OPER ATION. Had a portion of that amount been loaned to International Bitumen Com pany — when requested — in 1942 — the great controversy over the tar sands wou never have arisen. Your company would have succeeded, and the taxpayers saved ov $2,000,000.00, and consequently there would be a greater incentive for other compani to be attracted to the area, and incidentally more profitable to the Governmen TO SUM UP: Regardless of any arguments that may be advanced—to the contrary— the fact remains irrefutabley that the Alberta Government shut down a plant th was producing and built one that will not produce marketable materials, and whic they admit—was not intended to. Why?

Respectfully submitted,
R. C. FITZSIMMONS,
Suite No. 102, McDougall Court,
Edmonton, Alberta, Canada.

DATE DUE SLIP

	MAR 2 3 RETURN
	RUTH APR 0 6 1987
DUE RUTH DEC 31 '81	
NOV 2 1 RETURN	
DUE RUTH MAR 3 0 '82	
APR 1 7 RETURN	
RUTH DEC 1 1 1984	
RUTH FE	
FEB 07 RETURN	APR 2 8 RETURN
DUE RUTH MAR 1 3 1985	
MAR 7 RETURN	
RUTH OCT 2 1 1985	
DUE RUTH NOV 0 5 1985	
NOV 0 6 RETURN	
RUTH MAR 2 3 1987	

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